



Brussels, 16 May 2013

### Joint Statement

#### **COCERAL, FEDIOL and ASSUC urge EU Member States to support the anti-fraud package on VAT and to conclude it latest by the end of the Irish Presidency**

**COCERAL, FEDIOL and ASSUC urge Member States to support the anti-fraud package on VAT proposed by the EU Commission and the Irish Presidency. The quick reaction and the reverse charge mechanisms represent the timely structural solution to fight against VAT frauds in the agricultural commodities and finished products like bottled vegetable oils.**

The risk of VAT fraud is pervasive in the cereals, oilseeds, vegetable oils and sugar trade and is triggered by high VAT rates, which can be as high as 27% for agricultural products. In Romania, Hungary and Bulgaria alone, the economic losses amount to over € 500 million each year due to VAT fraud in the cereals, oilseeds, vegetable oils and sugar sectors. VAT evasion in these countries affects at least 30% of the grain, oilseed and proteinmeal markets.

The size and magnitude of VAT fraud impedes fair competition and puts law abiding business operators at serious disadvantage against fraudsters. Fraudulent behaviours disrupt agricultural commodity and vegetable oil markets, and add to the instability of already volatile market conditions. In some of Member States, the problem is even more critical for processed and finished products, like bottled vegetable oils. The national budgets of EU countries are also affected negatively, as tax authorities are not able to collect VAT from the fraudulent companies. Ultimately legitimate economic activities and related employment will decrease or disappear completely.

Differences between VAT regimes and consequent fraudulent actions are also spreading to other European countries: Poland, Czech Republic, Slovakia, Estonia, Latvia and Lithuania, among others. The situation is rapidly worsening and fraud will escalate beyond control if anti-fraud measures are not rapidly approved by the Council. The anti-fraud package on VAT presented by the Commission and the Irish Presidency comprises the most needed set of measures to fight against fraudsters and re-establish fair competition in the internal market for law abiding business operations in the agricultural commodity markets.

The package under discussion at the Council meeting of 22<sup>nd</sup> May includes the possibility for Member States to implement the reverse charge mechanism for a number of sectors, including cereals, oilseeds, sugar and basic food products for business-to-customer markets, where application for a specific authorisation is needed today. The temporary authorization for applying the reverse charge mechanism for cereals and oilseeds in [Hungary](#) and [Romania](#) has proven to be very effective and fraudsters have left these markets since its application. However the imminent expiry of this derogation in Romania, and the absence of an EU-wide reverse charge mechanism will soon re-expose operators to the negative implications of VAT-fraudulent practices.

**COCERAL, FEDIOL and ASSUC call for the EU Member States' strong support to the anti-fraud package at the EU Council meeting of 22<sup>nd</sup> May.** A rapid solution to the fraudulent behaviour is urgently needed before the new crops come to the market and to prevent criminals from continued VAT fraud on basic food products. The package, which includes the quick reaction and the reverse charge mechanisms, will provide the structural and timely solution against VAT frauds and would avoid their spread across the European Union, impacting European economies.

**COCERAL** is the European association representing trade in cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. COCERAL's full members are **31 national associations** in **19 countries**. With about **2700 companies** as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. COCERAL has an associated member in Switzerland.

**FEDIOL** represents the interests of the European vegetable oils and proteinmeal industry. With about 150 facilities in Europe, the sector provides over 20.000 direct employments. Its members process 30 million tonnes of basic products a year.

Oilseed crushing yields vegetable oils and proteinmeals as co-products. While vegetable oils are used for food and technical uses (pharmaceuticals, paints, detergents, biodiesel, etc.), proteinmeals are used to meet the increasing global demand for meat and protein.

**ASSUC** is the European Association of Sugar Traders. Founded in 1959, it is the voice of the European Sugar Traders. Through its membership today ASSUC represents over 60 sugar trading companies across the EU. Through regular contacts with the different EU institutions ASSUC is able to make its views heard by providing expertise on market issues and promoting its opinions on intended legislation.